

Michael P. Morris, Chairman
Kevin S. Carter, Director

MINUTES OF THE MEETING OF THE
SCHOOL & INSTITUTIONAL TRUST LANDS ADMINISTRATION
BOARD OF TRUSTEES

DATE: APRIL 11, 2008

PLACE: SALT LAKE CITY, UTAH

ATTENDING: BOARD

Michael P. Morris
John Ferry
James Lee
John Scales
Michael Brown
Dan Lofgren
Gayle McKeachnie

STAFF

Kevin S. Carter
Kim Christy
Dave Hebertson
Doug Buchi
Rodger Mitchell
Kay Burton
Ron Carlson
Lisa Schneider
Cris Rasmussen
Alexa Wilson
Bryan Torgerson
John Andrews
LaVonne Garrsion
Elise Erler
Eric Baim
NormaLee McMichael
Jeff Roe

OTHERS IN ATTENDANCE:

Gary Kofford, Emery County Commission
Tim Donaldson, Utah State Office of Education
Paula Plant, State Office of Education
Emily Page
Dale Huffaker, Utah State University
Karen Rupp, State Office of Education
Margaret Bird, State Office of Education, University of Utah
Jason, Burningham, St. George City
Mike Hutchings, Anderson Development
Gary Esplin, St. George City
Robert Behunin, Utah State University
Steve Hawks, Utah State University
Drew Sitterud, Emery County
Mike McCandless, Economic Development, Emery County

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.Chairman Morris welcomed Board members, Staff, and guests to the meeting.

1. Approval of Minutes

Mr. Lee noted that he did not know that Genesis US/Integrated, LLC was and is a client of Parsons Behle & Latimer. He should have declared a conflict and not voted on the motion to approve the OBA on Page 8 of the minutes.

The Board approved the Board minutes of March 20, 2008.

Lee / McKeachnie. Unanimously approved.

“I move that we approve the minutes of March 20, 2008.”

Roll Call:

| | |
|---------------------|------------------------|
| Mr. Ferry - - yes | Mr. Lee - - yes |
| Mr. Scales - - yes | Mr. Brown - - yes |
| Mr. Lofgren - - yes | Mr. McKeachnie - - yes |
| Mr. Morris - -yes | |

2. Confirmation of Upcoming Meeting Dates

The Board, without motion, confirmed the following upcoming meeting dates:

May 14, 15 - - St. George
June 12 - - Salt Lake City
July - - No meeting
August 19 - - Salt Lake City (a change from August 14)

Director Carter invited Board members to attend the WSLCA conference in Boise, Idaho, in July. If Board members desire to attend, please contact Lynda Belnap.

3. Chairman's Report

a. Beneficiary Report

Ms. Margaret Bird stated that one of the issues that the beneficiaries are looking into is the terms of leases. She noted that rarely are leases in the private industry over a term of 30 years. The agency's current rules allow for terms up to 51 years. There are about 29 percent of 418 leases that have terms longer than 30 years. There are 103 leases for a term of 49-51 years. She suggested that this might be a topic the Board might want to look into and report to the Board on leases that have a term beyond 30 years and might consider it being an incentive objective for next year. She is asking the Board to look at it from a policy standpoint to see if it needs to be refined. Director Carter stated we can generate a report that would show the numbers. Our rules provide for different terms based on the type of lease. Chairman Morris indicated he would be interested in the percentage of leases that don't have a CPI or other type of index for review. Director Carter noted Staff will do a report and bring it back next month. Chairman Morris stated that possibly Staff and the beneficiaries can look into some type of objective for next year on this issue.

4. Director's Report

a. Director's Update on Issues

I. St. George Airport Transaction

Director Carter noted this is a continuation discussion from last month. St. George City has a grant from the FAA and needs to complete this airport by 2011. They have negotiated with Anderson Construction to purchase the old airport. Trust Lands has land in the new airport footprint which the City wants to purchase. We have not come to an agreement on price.

Gary Esplin, City Manager for St. George City, appeared before the Board. He updated the Board on the City's situation with the airport and answered the Board's questions. Mr. Esplin stated they view SITLA as a "partner" in the project. Mr. Mike Hutchings, of Anderson Development, also appeared and answered questions for the Board.

4. Director's Report (cont'd)

a. Director's Update on Issues (cont'd)

I. St. George Airport Transaction (cont'd)

The Board went into closed session for the discussion of the value of real estate.

Ferry / Scales. Unanimously approved.

"I move we go into closed session for the discussion of the value of real estate."

Roll Call:

| | |
|---------------------|------------------------|
| Mr. Ferry - - yes | Mr. Lee - - yes |
| Mr. Scales - - yes | Mr. Brown - - yes |
| Mr. Lofgren - - yes | Mr. McKeachnie - - yes |
| Mr. Morris - -yes | |

The Board went into closed session at 10:10 a.m. Those in attendance were Board members, Kevin Carter, Doug Buchi, John Andrews, Margaret Bird, Paula Plant, Tim Donaldson, and Dale Huffaker. Board member Dan Lofgren did not attend because of a potential conflict of interest. The Board returned to open session at 11:15 a.m. (Chairman Morris left at this point.)

Vice-Chairman Ferry stated the Board has given Staff some instructions on how to further deal with the City of St. George on this project.

II. Update on Incentive Objective "C"

This item was postponed until next month.

Mr. Lee suggested that the Board appoint a committee to work on FY 09 incentive objectives. Vice-Chairman Ferry stated he would contact Chairman Morris and appoint a committee to work on this.

4. Director's Report (cont'd)

a. Director's Update on Issues (cont'd)

III. Preliminary Discussion on Objective "F" - - Sensitive Lands Issue

Director Carter noted this objective is to explore some ways to deal with sensitive lands. The Board talked by telephone with Mr. John Brejcha, of the Colorado State Land Office, which state has gone through a similar process. Mr. Brejcha discussed the Colorado process with the Board. He noted their process involved a constitutional amendment. The Board asked Mr. Brejcha questions about their process and how it is working for them. This process was challenged in the courts. The court case stated that it was not unconstitutional for Colorado to do this as long as the Trust had other assets to benefit the beneficiaries; but, as soon as those assets were gone, they would have to put the "sensitive" assets to beneficial use for the trust.

Mr. Lee asked that the Board be provided copies of the constitutional amendment, the court case, and any rules the land office has promulgated. Staff will get the Board this information. This presentation was for information to the Board.

b. Associate Director's Report

This report was postponed.

c. Surface Group Report

I. Proposed Development Lease With Emery County For Green River Industrial Park - - Emery County, Utah

Mr. Christy introduced this item to the Board. Mr. Bryan Torgerson discussed it further with the Board through a power-point presentation. Ms. Emily Page asked if Transition Energy had inquired about this property for a nuclear-use area? Mr. Torgerson stated that Emery County is the only one who has shown interest from our point of view.

Commissioner Drew Sitterud and Mike McCandless, the Economic Development Director in Emery County, appeared and explained the proposed project. Mr. Lee stated that, a few months ago, he read that a legislator had indicated an interest in putting a nuclear power plant in that area. Other legislators had indicated interest in helping also. He asked if it was the intention of Emery County that it could be possible that a nuclear power plant could be put there?

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4. Director's Report (cont'd)

c. Surface Group Report (cont'd)

I. Proposed Development Lease With Emery County For Green River Industrial Park - - Emery County, Utah (cont'd)

Commissioner Sitterud stated it would be something that could be considered. Mr. McCandless stated he has had five to seven companies contact him about different types of power plants in that area because there is water there. Mr. Lee stated he is concerned if that is the plan of Emery County and would it benefit Trust Lands? Director Carter stated he would think it would. Mr. Lofgren noted that this industrial park would be defined by what type of tenants are there. Director Carter noted that most of the people that are interested are heavy industrial purposes. Mr. Lofgren stated he finds it unusual that we would be entering into an agreement where we have this high of a stake and we don't know any more about who the occupants would be, terms of occupancy, etc. The Board felt like they would like to go into closed session for the discussion of proprietary information.

Lee / Lofgren. Motion approved.

"I move we go into closed session for the discussion of proprietary information."

Roll Call:

| | |
|-------------------------------|------------------------|
| Mr. Ferry - - yes | Mr. Lee - - yes |
| Mr. Scales - - yes | Mr. Brown - - yes |
| Mr. Lofgren - - yes | Mr. McKeachnie - - yes |
| Mr. Morris - - absent at vote | |

The Board went into closed session at 12:36 p.m. Those in attendance were Board members (except Mr. Morris), Kevin Carter, John Andrews, Doug Buchi, Kim Christy, Bryan Torgerson, and Margaret Bird. The Board returned to open session at 1:07 p.m.

Vice-Chairman Ferry noted there are some concerns with Board members, so a decision on this will be deferred until next month.

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5. Consent Calendar

Notification:

a. Negotiated Sale to Utah Navajo Trust - - San Juan County, Utah

The Board had no comments on this item.

Meeting adjourned at: 1:10 p.m.